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#### ARTICLES:

(1) Poll on Koizumi cabinet, political parties, DPJ President  
Ichiro Ozawa

ASAHI (Page 4) (Full)  
April 25, 2006

Questions & Answers

(Figures shown in percentage, rounded off. Parentheses denote the results of the last survey conducted March 18-19, unless otherwise specified.)

Q: Do you support the Koizumi cabinet?

Yes	50	(46)
No	36	(38)

Q: Why? (One reason only. Left column for those marking "yes" on previous question, and right for those saying "no." Brackets denote proportion to all respondents.)

The prime minister is Mr. Koizumi	23(11)	5 (2)
The prime minister is from the Liberal Democratic Party	17 (8)	10 (3)
From the aspect of policies	33(17)	60(22)
Because of the coalition government	7 (3)	14 (5)
No particular reason	18 (9)	9 (3)

Q: What do you think is good or bad about the Koizumi cabinet?  
(One choice each. Left = "good," right = "bad." Parentheses denote the results of a survey conducted April 16-17, 2005.)

The prime minister's political stance	20(17)	10(12)
Administrative, fiscal reforms	23(18)	13(12)

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Economic, employment measures	8 (7)	23(27)
Foreign, defense policies	7 (8)	34(27)
Nothing in particular	39(46)	17(19)

Q: Which political party do you support now?

Liberal Democratic Party (LDP)	38	(39)
Democratic Party of Japan (DPJ or Minshuto)	17	(13)
New Komeito (NK)	3	(3)
Japanese Communist Party (JCP)	2	(3)
Social Democratic Party (SDP or Shaminto)	2	(1)
People's New Party (PNP or Kokumin Shinto)	0	(0)
New Party Nippon (NPN or Shinto Nippon)	0	(0)
Liberal League (LL or Jiyu Rengo)	0	(0)
None	34	(36)
No answer + don't know	4	(5)

Q: The DPJ has elected Ichiro Ozawa as its new president. Do you have hopes for the DPJ under his leadership?

Yes	50
No	43

Q: Is politics more interesting to you with Ozawa becoming DPJ head?

Yes	33
No	62

Polling methodology: The survey was conducted April 22-23 over the telephone on a computer-aided random digit dialing (RDD) basis. This RDD formula chooses persons for the survey from among all eligible voters throughout the nation on a three-stage random-sampling basis. Valid answers were obtained from 1,947 persons (55% ).

(2) Poll on Koizumi cabinet's performance over past 5 years

ASAHI (Page 4) (Full)  
April 26, 2006

# Questions & Answers

(Figures shown in percentage. Brackets denote proportion to all respondents. Parentheses denote the results of the last survey conducted March 18-19.)

Q: The Koizumi cabinet has now been in office for nearly five years. What's your overall rating of its performance on the whole over the past five years? In addition, what's your specific rating of the Koizumi cabinet's economic policy, administrative reform including postal privatization, social security policy including pensions, and foreign policy? Mark its specific performance in each policy area out of 10.

Score

0	1	2	3	4	5	6	7	8	9	10
Overall rating										
2	1	2	5	12	32	22	14	7	1	1
Economic policy										
2	1	2	8	14	33	20	9	5	1	2
Administrative reform										
3	1	3	6	11	21	17	15	13	3	4
Social security policy										

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9	3	6	16	22	26	9	4	2	0	1
Foreign policy										
7	3	6	14	17	24	12	8	5	1	1

Q: What do you think is Prime Minister Koizumi's appeal? (One choice only)

Clear-cut	22
Unwavering	15
Clean	6
Friendly	19
Sightly	6
Nothing in particular	30

Q: Is politics more interesting to you than five years ago?

Yes	57
No	39

Q: Then, do you think you are now better off or worse off than five years ago?

Better off	18
Worse off	42

Q: (Only for those who answered "better off") Do you think that was because of the Koizumi cabinet's policy measures?

Yes	29	(5)
No	64	(11)

Q: (Only for those who answered "worse off") Do you think that was because of the Koizumi cabinet's policy measures?

Yes	43	(18)
No	45	(19)

Q: Which media is most informative to you about politics? (One choice only)

Newspapers	37
Television	55
Magazines	1
Internet	6

Q: To what extent do you think your impression of the Koizumi cabinet is affected by television?

Very much	22
Somewhat	55

Not very much	17
Not at all	5

Q: Do you have a favorable impression of Prime Minister Koizumi when he answers questions in the Diet or press interviews?

Yes	47
No	40

Q: Who do you think is appropriate for post-Koizumi premiership? Pick only one from among those listed below.

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Taro Aso	4	(5)
Shinzo Abe	45	(47)
Sadakazu Tanigaki	3	(4)
Yasuo Fukuda	20	(20)
Other persons	17	(13)

Polling methodology: The survey was conducted April 22-23 over the telephone on a computer-aided random digit dialing (RDD) basis. This RDD formula chooses persons for the survey from among all eligible voters throughout the nation on a three-stage random-sampling basis. Valid answers were obtained from 1,947 persons (55% ).

(3) New round of WTO trade talks gives up basic agreement in April due to conflicting interests

YOMIURI (Page 9) (Full)  
April 26, 2006

World Trade Organization (WTO) Director General Pascal Lamy officially decided to give up on the initial goal of reaching board agreement on tariff cuts in agriculture and non-agriculture areas by the end of this month. With this, the new round of WTO trade talks has entered a new phase. WTO member countries are still aiming to reach a final agreement by the end of this year, but they have their respective reasons for being unable to easily make concessions. In future talks, the focus is on how to draw out a political judgment that is indispensable for breaking the impasse in the ongoing talks. To do so, the countries will need to revamp their strategies in preparations for the upcoming major international conferences.

By time of World Cup

Lamy said in a press conference on April 24: "The end of July is too late. We should finish our homework by the time of the June Soccer World Cup."

A decision has already been made not to set a new deadline for board agreement. In Geneva as the playing ground of the talks, however, one-month summer vacation will start in August. Now that the member countries failed to attain the goal of reaching board agreement by the end of April, some negotiators see the end of July as the new deadline. Lamy's remarks indicated a strong desire to recover lost time, with an eye on reaching a global trade treaty by the end of this year.

Starting with a meeting of the Trade Negotiations Committee (TNC) on May 1, WTO negotiations will be resumed. On thorny farm issues, intensive discussions will be conducted for six weeks starting from the first week of May.

Respective circumstances

In working-level talks on crucial agricultural issues in April, no agreement was reached even on themes that should have been taken up in the ministerial meeting (that had been planned but was cancelled).

Progress will never be made in farm talks unless the relevant cabinet ministers make a political judgment. But each nation has been trapped by their respective domestic circumstances. For

instance, the US in the run-up to off-year elections in November finds it difficult to come up with dramatic domestic measures, such as a large cut in farm subsidies, reflecting a strong protectionist mood in the Congress.

In the Hong Kong ministerial last December, the European Union (EU) already played the trump card of scrapping the export subsidy system in 2013. It is difficult to ask its member nations, including France preoccupied with dealing with riots, to make more concessions.

Developing countries are not necessarily unanimous, either. Brazil is highly interested in exporting agricultural products, but India is a food-importing nation. Their positions are somewhat different.

Industrialized countries lowered tariffs to a considerable extent in the Uruguay Round, so further market liberalization will inevitably bring about "pain."

Meanwhile, developing countries have deep-seated dissatisfaction at the widening differences between rich and poor nations. Stormy negotiations are predicted, with various motives crisscrossing among 150 WTO member economies.

#### Conference after conference

A number of international conferences will be held from now, bringing together leaders and cabinet ministers from industrialized countries. A meeting of the Council of the Organization for Economic Cooperation and Development (OECD) will be held in May, followed by a trade ministerial of the Asia-Pacific Economic Cooperation (APEC) forum in June, and a major industrialized countries' summit in July.

The US is saddled with the issue of reducing farm subsidies, while the EU and Japan are being pressured to open their markets further. The focus of attention is on how far they will be able to coordinate domestic views.

Brazil, India and other major developing countries hold the key in moving the WTO talks forward. But they have indicated an allergen reaction to the negotiation framework led by industrialized countries. In the upcoming series of international conferences, industrialized countries will be required to promote the new round of talks but also do their best to eliminate the developing countries' dissatisfaction by skillfully forming a mechanism that can reflect their views.

#### Timetable for WTO talks

May 1

WTO Trade negotiations Council meeting (Geneva)

Six weeks of intensive deliberations in farm talks (Geneva)

May 23-24

OECD Council meeting (Paris)

June 1-2

APEC Trade Ministerial meeting (Ho Chi Minh)

July 25-17

Industrialized countries' summit (Saint Petersburg)

End of July

Deadline for submission of lists of specific tariff rates

Year end

Deadline for a final agreement

End of June, 2007

Deadline of the package trade negotiating right given by the Congress to the US president.

(4) US force realignment: Lawless says Japan's total share will run to 3 trillion yen, while US' will be 460 billion yen

ASAHI (Page 1) (Abridged)  
Evening, April 26, 2006

Yoshiyuki Komurada, Washington

US Deputy Under Secretary of Defense Richard Lawless held a press conference at the Pentagon April 25 in which he indicated that Japan's share of the cost of the realignment of US forces in Japan would run at least to 26 billion dollars, or 2.98 trillion yen. As a rough breakdown of the cost, he explained that 20 billion dollars would be required for the realignment of US troops and facilities in Japan, including Okinawa, and 6 billion dollars for the relocation of US Marines from Okinawa to Guam. Lawless referred to the figures as a "modest estimate." Japan's total share may even exceed 3 trillion yen.

Japan is mainly required to bear the cost of realignment of US forces in Japan. Lawless is believed to have made the statement based on coordination between Japan and the US in the past. However, with the basis for the estimate and the detailed breakdown remaining unclear, the Japanese government will be pressed for an explanation.

Lawless also indicated that the total cost of the realignment of US forces in Japan would run to 30 billion dollars, or 3.4 trillion yen. He also explicitly said that of it, the US share of the cost of the Guam relocation would be no more than 4 billion dollars (460 billion yen).

Lawless said, "Many obligations for fiscal disbursements are in the period through 2012." The US is believed to envisage disbursements up to 2012, the target year for the realignment of US forces in Japan. At the same time, citing the relocation of Futenma Air Station in Ginowan, Okinawa, he said, "It may take longer than other realignment projects."

Regarding Japan's share of 26 billion dollars, Lawless noted: "Japan's investment in its ally is huge. Japan will have to spend a lot of money not only for the relocation of US Marines to Guam." In order to obtain the understanding of the Congress and other parties, he is believed to have stressed that Japan would bear the main part.

(5) US force realignment (Part 1): Accountability not fulfilled; Government's efforts to convince local communities bound to run into difficulties

NIHON KEIZAI (Page 2) (Abridged slightly)  
April 26, 2006

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On April 25, the day after Japan-US talks on US force realignment were effectively settled, Mayor Isao Ogawa of Sagami-hara, Kanagawa Prefecture, called on Defense Agency Director General Fukushima Nukaga, who had just returned from the United States, at his agency. The mayor said to the defense chief: "The responsibility for national security rests exclusively with the central government, but it's not good for the central government to impose its decisions on local governments."

Koizumi indisposed to offering explanation

US Army 1st Corps headquarters would move to Camp Zama in Sagami-hara with the realignment of US forces in Japan. If a conflict were to break out on the Korean Peninsula or in the Taiwan Strait, Camp Zama would serve as Japan-US combat operations center.

Local residents are hardly aware of this. Why do Japan and the US have to enhance military cooperation in the post-Cold War era? There is a need to clearly explain China's growing military spending and other factors. Prime Minister Junichiro Koizumi, who has been conducting one-phrase politics, is most unfit for that job. The government has yet to fulfill its accountability.

With the US Army likely to return only a small portion of its Sagami Depot, US force realignment may end up forcing a greater burden on the residents of Sagami-hara.

Ogawa, a former LDP prefectural assemblyman, is not dismissive of the Japan-US security setup. With the traditional conservatives-versus-reformists rivalry long gone with the Cold War era, there is no clear ideology that can suppress the anti-base movement.

Public works projects are declining. The authority of local heads would grow stronger with the trinity reform to reshape the tax and financial systems of the central and local governments. The central government now has few means to elicit support from local communities for US bases.

On April 23, Katsusuke Ihara won the mayoral race in Iwakuni, Yamaguchi Prefecture, on a campaign pledge to persistently press the central government for a withdrawal of a jet relocation plan. The US Navy is planning to transfer about 60 carrier-based planes from the Atsugi base in Kanagawa Prefecture to the Iwakuni base, bringing the total number of US military planes to nearly 120. It will be greater than that at Kadena Air Base, which is one of the biggest in the Far East. Ihara called for a plebiscite in March, and complained to Nukaga, saying, "I might be recalled by the citizens."

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Shimabukuro's complaint was partly intended to extract a local economy revitalization package from the central government. The comment also reflected Shimabukuro's genuine fear of misreading citizens' wishes, which would endanger his political career.

Clock is ticking

In a press conference yesterday, Nukaga expressed his desire to submit to the current Diet session a US force realignment promotion bill, including a new system to extend subsidies to local communities hosting US bases.

With the current Diet session scheduled to end June 18, questions remain as to whether such a bill can clear the Diet by then. A failure would force the government to wait until after the September LDP presidential election to begin earnestly convincing local communities.

The Japan-US Security Consultative Committee (two-plus-two) is scheduled to meet May 2. A final agreement there on the US force realignment plan would be followed by President Bush's approval of a final report by the Base Realignment and Closure (BRAC) Commission. If Congress does not reject it within 45 days, work to integrate and streamline US bases will begin.

Japan's failure to speedily convince local communities may seriously strain relations with the US.

Public support is essential for the government to pay the huge bill for the relocation of US Marines from Okinawa to Guam. There still remain many unexplained matters. The clock is ticking for the government.

(6) Thoughts on income disparity (Part 2); Deregulation not so bad; Economic recovery shoring up income level

NIHON KEIZAI (Page 1) (Excerpts)  
April 20, 2006

Taxi companies are now free to increase the number of vehicles they operate as a result of regulatory reform in 2002. Nihon

Kotsu, a taxi company in Shinagawa Ward that had been strapped with excessive debts due to the collapse of the bubble economy, has recovered from the slump thanks to this regulatory reform.

#### Black taxis become popular

The company introduced black taxis, a black sumptuous sedan that looks like a limousine but whose fare is the same as that of ordinary taxis, along with restructuring efforts. Gaining support from customers, the operation rate of these vehicles for the past three months has risen 2 points to 47% , compared with the level a year earlier. President Ichiro Kawanabe said, "Many drivers now want to drive black taxis, as they bring a larger income."

It has been pointed out that since competition has become fierce in the taxi business as a result of the deregulation, drivers' working conditions have deteriorated. The number of vehicles has increased, but the number of customers remained sluggish. The daily operating income (national average) per vehicle in fiscal 2004 stood at 28,985 yen, down 10% from fiscal 2000. The reform indeed turned out to be severe for existing companies and

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drivers.

However, consumers have benefited from the deregulation, because services, such as the introduction of black taxis, welfare taxis that can carry a customer in a wheelchair, and long-distance services have become available. President Osamu Masuda of Tomato Kotsu in Fukuoka, which started business in April 2004, pointed out, "The taxi industry has lacked a sense of being a service industry."

The taxi industry has absorbed many people who have been forced out of jobs during the slump. The number of those employed by taxi companies as drivers increased by 18,000 over the past five years. Reflecting the recovery of the economy, the operating income of a taxi registered by Tokyo Musen jumped to 67,000 yen in the last week of March from about 48,000 yen three years ago. This higher level is almost on a par with the level seen during the economic bubble years.

#### Young people starting over

Another symbol of the protracted economic downturn has been the emergence of NEETs (not in education, employment, or training) and so-called freeters (job-hopping part-time workers). People in the 25-34 age bracket are the victims of limited recruiting by companies in the 1990s.

In 1997, one-fourth of jobless people belonged to this age bracket. Japan's poverty rate, an indicator of the ratio of people whose income is below half the average level, ranks fifth in the world at 15.3% (2000). Some take the view that young people have contributed to this high ratio.

However, the upbeat economy is driving up the income of these people. Fukuoka Bank on April 1 decided to employ its part-time workers on a permanent basis. Adecco, a temporary job placement agency located in Minato Ward, Tokyo, said that there has been no end to its temporary staffers being recruited by companies where they had been assigned.

Young people around the age of 30, who graduated college in the midst of a difficult employment environment, often use the words "revenge job switch." According to a survey by the Ministry of Internal Affairs and Communications, 410,000 non-permanent employees, such as temp staff and part-timers, found permanent jobs in 2005, up 17% from the preceding year.

The problem is how this move can be spread so that "losers" can try again to find permanent jobs. Kiyoshi Ota, a senior researcher at the Japan Research Institute, pointed out, "It is possible to prevent the lower-income bracket from further expanding if the current economic growth is sustained." Even if the haves become richer in the process of economic growth,



further widening the disparity, there is no need to fear as long as the entire income level is pushed up.

(7) Thoughts on income disparity (part 3); Do not set the clock back; Continuing reform, economic growth are royal road to correcting disparities

NIHON KEIZAI (Page 1) (Excerpts)  
April 21, 2006

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It is necessary to provide losers with opportunities to try again

How to deal with the income disparity issue is a classic and yet new issue for the government. It is a politically thorny issue, because the key words - correcting disparities - that are pleasing to the ear involve the danger of reversing the ongoing structural reforms.

The general public tends to be receptive to such criticisms as blaming as the main cause of income disparity the competition brought about by deregulation or the cuts in public works that allegedly gave rise to a gap between urban and rural areas. A political move seeking to revise deregulation policy or to increase public works on the pretext of correcting the disparities seems to be emerging in both the ruling and opposition camps.

However, restructuring efforts by companies, the household economy, deregulation and structural reforms have all undergirded the Japanese economy, which at long last is taking an upward turn after 15 years of sluggishness following the bursting of the bubble economy. Statistics compiled by the Cabinet Office show that deregulation in 14 areas, including cargo transport, power generation and mobile phones, since the 1990s produced economic effects worth approximately 14.3 trillion yen (about 4% of gross national income) in fiscal 2002.

This achievement was ascribable to private-sector-led market competition, propped up by the idea of equal opportunity rather than equal results through the redistribution of income by the government.

The issue in the education area is the criticism that children of families without financial capability tend to be deprived of opportunities to receive a good education, which could entrench social disparity. The above principle can be applied in settling this issue as well. What the government should not do is to redistribute income so that all children can go to schools, cram schools or private schools. Its role should be to provide an educational environment so that children can receive higher education, by improving their scholarship through public education available to them all without relying on cram schools or private schools.

Real safety net urged

Aishin Seiki Co., an auto parts manufacture affiliated with Toyota Motors, will start parts production in Tomakomai, Hokkaido. The company, based in Aichi prefecture, has decided to set up a production base in Hokkaido, judging that it would be easier to recruit human resources there than in Aichi, where there is a labor shortage. If private companies grow, employment opportunities will spread to provincial districts without the government spending tax money.

Keimei Kaizuka, a professor emeritus at Tokyo University, stressed at a study group meeting on disparities sponsored by the Comprehensive Fiscal Policy Research Center, "The problem is not the existence of people with high income but how to deal with poverty."

How should the government help those who have tried again and failed and those without sufficient income because of mental or

physical handicaps or illness? Bank of Japan Governor Toshihiko Fukui noted, "Japan has yet to discuss the issue of building a safety net as an essential civil minimum." In building such a safety net, it will be necessary to redefine the socially weak in order to determine who should really be relieved from poverty, by discarding the fixed idea that elderly people and small and medium-size businesses are all weak.

Downward pressure tends to work on wages throughout the world due to the rise of low-wage countries like China and India. The role of the government in making the global economy and market function smoothly is to rebuild a safety net intended to relieve those who are really socially weak. Japan's safety-net policy has often been criticized as false egalitarianism that lowers economic efficiency. Setting back the hands of the clock will not settle the problem.

(8) Interview with Asian Development Bank Governor Kuroda:  
Compatibility necessary for FTAs, negative effect of rising oil prices a worry

YOMIURI (Page 9) (Full)  
April 26, 2006

Takashi Kikuchi, Manila

Asian Development Bank (ADB based in Manila) will hold an annual meeting in India in early May. Prior to the meeting, Governor Haruhiko Kuroda responded to an interview with the Yomiuri Shimbun. Kuroda said that ADB ranked indirect assistance for trade liberalization as its medium to long-term challenge. On recent favorable economic conditions in Asia, he expressed his strong concern about the negative impact of surging oil prices on the economy.

-- How about the focus in the upcoming annual assembly?

"We would like to conduct probing discussions on medium to long-term economic growth and poverty reduction in Asia. The number of those who live on less than one dollar a day is rapidly decreasing, but environmental concerns and income disparity are emerging as serious problems. We are not sure yet of how to eliminate poverty. We are now at a crossroads.

-- You have earnestly supported the challenge of cooperation and economic integration in the region since you assumed the current post in February of last year, haven't you?

"If countries that are growing remarkably and countries that are growing slowly are merged, the income differentials may be narrowed. We have stepped up efforts to promote Mekong basin development, indirect support for financial cooperation by the ASEAN + 3 (Association of Southeast Asian Nations plus Japan, China and South Korea), as well as anti-infection campaigning.

In Asia, few dozens of free trade agreements (FTA) have been or will be concluded. It is essential to maintain compatibility in inking such accords. If common rules, such as common rules of origin, are not introduced, trade procedures will become complicated. A heavy burden may be imposed particularly on small corporations. Even compared with the World Bank, which also takes a prospect of development assistance and poverty reduction, our voice is weaker on trade issues. We will conduct research with

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help from the outside and would like to offer advice as the need arises while showing FTAs' trade creating effect."

-- Oil prices are sharply soaring.

"The average growth rate of Asian developing countries is estimated to be 7.2% this year, but if the current situation persists, there will unavoidably be a negative impact. Prices

over the level of 70 dollars per barrel are too high. There are also such risk factors as conspicuous payments imbalances, rising interest rates, and bird flu, but oil prices are the most serious matter of concern for now."

DONOVAN